

Corvallis School District #1

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Ravalli County Commissioners

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March 17, 2008


Ravalli County Commissioners
215 S 4th Street Suite A
Hamilton Mt 59840

Dear Sirs:

On March 11, 2008, the Corvallis School Board formally made a recommendation to you that you consider an Impact Fee for the Corvallis School District in the amount of \$6822.00. This amount is based on the enclosed revised impact fee study completed by TischlerBise.

If you have any questions, don't hesitate to contact me at 961-4211.

Sincerely,



Daniel B. Sybrant
Superintendent
Corvallis School District

Cc Corvallis School Board
Ravalli County Impact Fee Advisory Committee – Attention John Meakin

**Impact Fees to Fund
Growth-Related Capital Improvements**

Prepared for:

**Corvallis School District #1
Corvallis, Montana**

March 1, 2007

(amended March 10, 2008)



Prepared by:

TischlerBise
Fiscal, Economic & Planning Consultants

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-EXECUTIVE SUMMARY-

The Corvallis School District #1 has retained TischlerBise to prepare an impact fee study. This report documents the data, methodology, and results of the impact fee study. Impact fees are one-time payments used to fund system improvements needed to accommodate new development. As documented in this report, the methods used to calculate development fees in this study are intended to satisfy all legal requirements governing such fees, including provisions of the U. S. Constitution and the Montana Impact Fee Act.

The impact fees for Corvallis School District #1 are proportionate and reasonably related to the capital facility service demands of new development. The written impact fee methodology and cash flow analysis establish that impact fees are necessary to achieve an equitable allocation of costs in comparison to the benefits received. The impact fee methodology also identifies the extent to which newly developed properties are entitled to various types of credits to avoid potential double payment of capital costs.

BASIC UNDERSTANDING OF IMPACT FEES

An impact fee is a one-time payment imposed on new development for the purpose of constructing growth-related infrastructure. Specifically, impact fees are used to fund growth-related system improvements that will benefit multiple development projects throughout the entire District. It is important to highlight the fact that impact fees may not be used for operating costs or the replacement or maintenance of existing infrastructure (e.g. replacing a HVAC system in an existing school).

To calculate impact fees, the first step is to determine an appropriate demand indicator for the particular type of infrastructure (see Figure 1A below). The demand indicator measures the number of demand units for each unit of development. For example, an appropriate indicator of the demand for schools is the average number of public school students per housing unit (see Figure 1B). The second step in the generic impact fee formula is shown in the middle box below. Infrastructure units per demand unit are called Level-of-Service (LOS) or infrastructure standards. In keeping with the school example, common infrastructure standards are square feet of facilities per student. The third step in the generic impact fee formula, as illustrated in the right box, is the cost of various infrastructure units. To complete the school example, this part of the formula establishes the cost per square foot for facilities.

Figure 1-A: Generic Impact Fee Formula

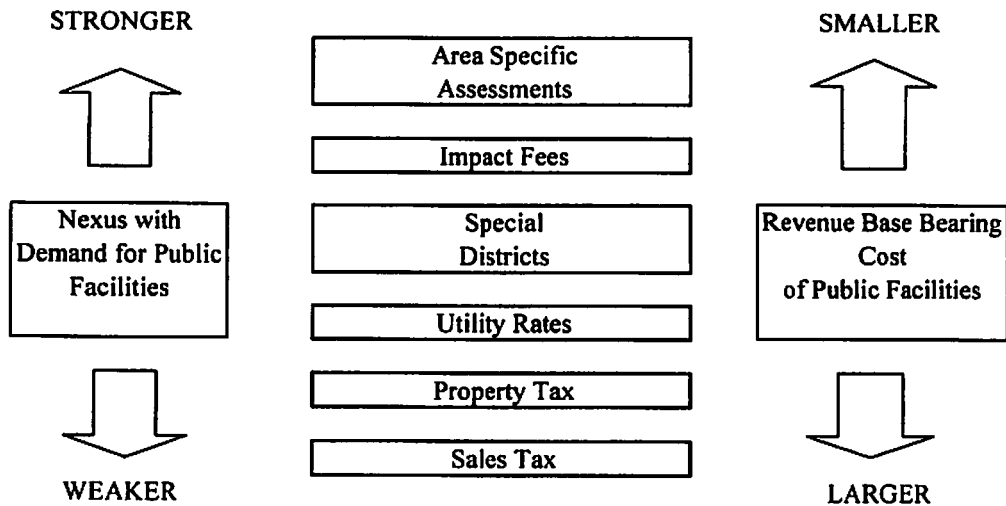
$$\begin{array}{|c|} \hline \text{Demand Units} \\ \text{per Development} \\ \text{Unit} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{Infrastructure} \\ \text{Units per Demand} \\ \text{Unit} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{Dollars} \\ \text{per Infrastructure} \\ \text{Unit} \\ \hline \end{array}$$

Figure 1-B: Basic School Impact Fee Formula

$$\begin{array}{|c|} \hline \text{Public School} \\ \text{Students per} \\ \text{Housing Unit} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{Square Feet of} \\ \text{School Facility} \\ \text{per Student} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{Cost per Square} \\ \text{Foot of} \\ \text{School Facility} \\ \hline \end{array}$$

WHY IMPACT FEES?

Infrastructure funding alternatives force decision-makers to wrestle with a dynamic tension between two competing desires. As shown on the left side of Figure 2, various funding options have a strong-to-weak connection between the source of funds and the demand for public infrastructure. It is unfortunate that the funding options with the closest nexus to the demand for public infrastructure also have the smallest revenue base to bear the cost of the infrastructure (see the right side of Figure 2). For example, only new housing units generate school impact fees. In contrast, on-going revenues like property taxes are paid by existing development, plus new development that is added each year. Therefore, the property tax base continues to increase over time, but the new increase in new housing units is relatively constant from year to year.

Figure 2: Infrastructure Funding Alternatives

Source: Paul Tischler, Dwayne Guthrie, and Nadejda Mishkovsky, 1999. *Introduction to Infrastructure Financing*. IQ Service Report, Vol. 31, No. 3. Washington, DC: International City/County Management Association (ICMA).

STATE IMPACT FEE REQUIREMENTS

In 2005, the State of Montana passed enabling legislation which specifically authorized local governments to enact impact fees on behalf of local school districts, such as the Corvallis School District #1 [see MCA 7-6-1603(1)(b)]. For school impact fees, the Montana Act requires unanimous approval by the County Commissioners. Prior to enacting fees, local government must establish an Impact Fee Advisory Committee, with at least one member of the development community and one certified public accountant. To cover the cost of establishing and administering an impact fee program, the Montana Act authorizes a surcharge not to exceed 5% of the total impact fee amount.

As documented in this report, the Corvallis School District #1 impact fees meet all of the requirements of the Montana enabling legislation. The fees are proportionate to the infrastructure demands of new development and consistent with the LOS standard for existing development. The impact fee methodology includes applicable credits and summarizes the need for growth-related capital improvements over the next five years.

CONSTITUTIONAL IMPACT FEE REQUIREMENTS

There is little federal case law specifically dealing with impact fees, although other rulings on other types of exactions (e.g. land dedication requirements) are relevant. In one of the most important exaction cases, the U. S. Supreme Court found that a government agency imposing exactions on development must demonstrate an "essential nexus" between the exaction and the interest being protected (See *Nollan v. California Coastal Commission*, 1987). In a more recent case (*Dolan v. City of Tigard, OR*, 1994), the Court ruled that an exaction also must be "roughly

proportional" to the burden created by development. However, the *Dolan* decision appeared to set a higher standard of review for mandatory dedications of land than for monetary exactions such as impact fees.

These constitutional requirements of impact fees are commonly referred to as "rational nexus" test. The rational nexus test has three elements:

Demand – a particular type of development demands a particular type of infrastructure.

Proportionality – the fees are proportionate to the demand created by development for infrastructure.

Benefit – The payer of the impact fee must receive a benefit (i.e. the construction of infrastructure which accommodates their impact on a community's capital facilities and assets).

MAXIMUM SUPPORTABLE SCHOOL IMPACT FEES

Figure 3 provides a schedule of the school impact fees for Corvallis School District #1. Impact fees for residential development will be assessed per housing unit.

Figure 3: Schedule of Impact Fees

Elementary School Facilities Cost per Housing Unit	\$1,427
Middle School Facilities Cost per Housing Unit	\$1,727
High School Facilities Cost per Housing Unit	\$1,625
Shared High School/Middle School Facilities Cost per Housing Unit	\$1,992
Administrative Facilities Cost per Housing Unit	\$50
TOTAL IMPACT FEE PER HOUSING UNIT	\$6,822

All costs in the impact fee calculations are given in current dollars with no assumed inflation rate over time. If cost estimates change significantly, the fees should be recalculated.

It is difficult to compare impact fee amounts from community to community. Differences in fee amounts can be attributed to a variety of factors including LOS, community priorities and objectives, services for which the community is responsible for providing, and how a community procures and finances its capital improvements. Also, communities may have adopted less than 100% of the maximum, supportable impact fees.

A note on rounding: Calculations throughout this report are based on analysis conducted using Excel software. Results are discussed in the report using one-and two-digit places (in most cases), which represent rounded figures. However, the analysis itself uses figures carried to their ultimate decimal places; therefore the sums and products generated in the analysis may

not equal the sum or product if the reader replicates the calculation with the factors shown in the report (due to the rounding of figures shown, not due to rounding in the analysis).

-DEMOGRAPHIC DATA-

This section of the report discusses development projects and student generation rates used in the impact fee calculations. The term “student generation rate” refers to the number of public school students per housing unit in the Corvallis School District #1. Public school students are a subset of school-aged children, which includes students in private school and home-schooled children.

HOUSING UNITS

The US Census Bureau provides special tabulations of 2000 demographic data by school district boundaries. According to the 2000 Census data, the Corvallis School District #1 averages 2.54 persons per housing unit (see Figure 4 below). Because all new housing units will pay a school impact fee at the time septic tank permits are issued, student generation rates are based on the entire housing stock. This approach is more conservative than dividing the number of public school students by the number of occupied housing units (households). Since the vast majority of all housing units are detached units (stick-built or manufactured homes) with similar demographic characteristics, it is not necessary to differentiate school impact fees by type of housing in the Corvallis School District #1.

Figure 4: Persons per Housing Unit by Type

Corvallis School District

	<i>Owner and Renter Occupied</i>		
	Persons	Housing Units	Persons per Housing Unit
Total SF3 Sample Data	6,265	2,470	2.54

Source: 2000 US Census data from Summary File 3, School District Tabulation STP 2.

DEMOGRAPHIC TRENDS 2000 – 2012

To estimate the number of new housing units built in the District since 2000, TischlerBise utilized residential septic permit data from Ravalli County and residential sewer hookup data from the Corvallis Sewer District. Since 2000, Ravalli County residential septic tank permit data for the geographic area that approximates the Corvallis School District #1 indicates 577 additional housing units, while the Corvallis Sewer District has added 107 housing units.

Figure 5: Residential Septic Permits 2001-2005

	2001	2002	2003	2004	2005
New Residential Septic Permits*	102	104	108	116	114
New Residential Sewer Hookups**	6	6	32	32	32
TOTAL NEW RESIDENTIAL UNITS	108	110	140	148	146

* Ravalli County. Permits are geocoded which allows for comparison of the location of permits to the boundaries of the Corvallis School District.

** Corvallis Sewer District. The District serves both residential and nonresidential units. The units listed do not include nonresidential.

To determine the current number of housing units, TischlerBise added the number of residential septic tank permits and residential sewer hookups to the number of housing units at the time of the 2000 Census. To estimate the current population of the school district, the number of housing units is multiplied by the number of persons per housing unit from the 2000 Census. The estimated number of current housing units is 3,258 with a population of 8,236 persons.

To project the future number of housing units, TischlerBise assumes an annual average increase of 147 units. This projection is based on the combination of continuation of the five year annual average increase of 109 residential septic permits per year plus 38 sewer hookups per year based on the number of units that have been approved but not hooked up. Annual housing unit projections are converted to population using the persons per housing unit multipliers from the 2000 Census.

Figure 6: Estimated and Projected Housing Units and Population 2000-2012

	SY00-01	SY01-02	SY02-03	SY03-04	SY04-05	SY05-06	Base Yr. SY06-07	Yr. 1 SY07-08	Yr. 2 SY08-09	Yr. 3 SY09-10	Yr. 4 SY10-11	Yr. 5 SY11-12	Yr. 6 SY12-13
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Housing Units	2,470	2,578	2,688	2,827	2,975	3,121	3,268	3,415	3,562	3,709	3,856	4,004	4,151
Persons/Housing Unit	2.54	2.54	2.54	2.54	2.54	2.54	2.54	2.54	2.54	2.54	2.54	2.54	2.54
Population	6,265	6,538	6,817	7,171	7,546	7,915	8,288	8,662	9,035	9,408	9,782	10,155	10,528

STUDENT GENERATION RATE

Fall enrollment figures for SY99-00 through SY06-07 were provided by the Corvallis School District #1. To calculate the number of public school student per housing units, the Fall enrollment figure for SY06-07 for each grade level is divided by the total number of housing units. Using elementary school students as an example, there were 448 students and 3,268 housing units, resulting in an average of 0.14 elementary school students per housing unit ($448/3,268 = 0.15$). This calculation is repeated for middle school and high school students

resulting in 0.13 middle school students per housing units and 0.15 high school students per housing unit.

Figure 7: Summary Public School Students by Grade Level per Housing Unit

	<i>Fall Enrollment SY06-07</i>	<i>Current # Housing Units</i>	<i>Public School Students per Housing Unit</i>
Elementary	448	3,268	0.14
Middle	436	3,268	0.13
High	496	3,268	0.15
TOTAL	1,380	3,268	0.42

To project the number of public school students over the next six years, TischlerBise applied these generation rates to the projected number of housing units. Over the next six years, enrollment in the District from new housing is projected to increase by a total of 62 students per year.

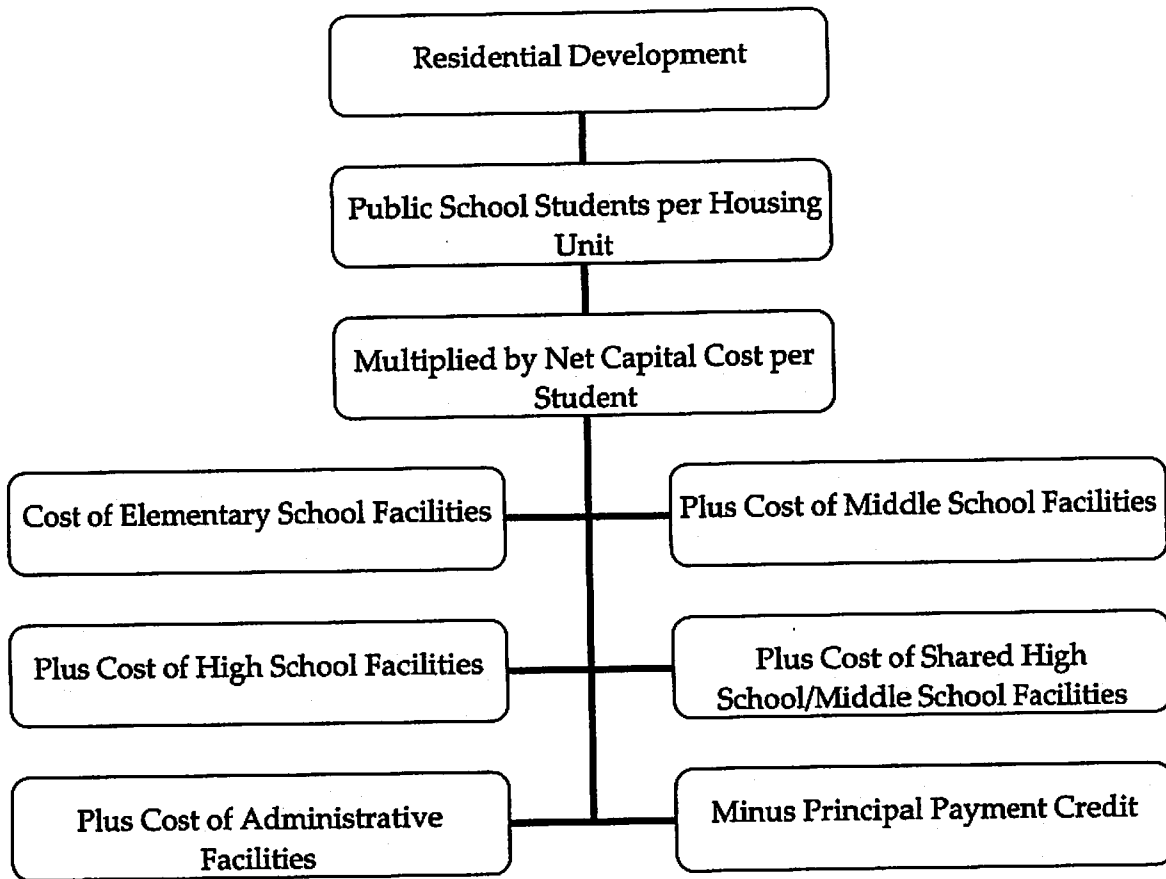
Figure 8: Estimated and Projected Public School Students 2000-2012

	SY00-01	SY01-02	SY02-03	SY03-04	SY04-05	SY05-06	Base Yr. SY06-07	Yr. 1 SY07-08	Yr. 2 SY08-09	Yr. 3 SY09-10	Yr. 4 SY10-11	Yr. 5 SY11-12	Yr. 6 SY12-13
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Fall Enrollment													
Elementary	424	414	419	403	395	441	448	468	488	509	529	549	569
Middle	419	422	435	465	478	481	436	456	475	495	515	534	554
High	460	449	480	478	458	475	496	518	541	563	585	608	630
Total Enrollment	1,303	1,285	1,334	1,346	1,331	1,397	1,380	1,442	1,504	1,566	1,629	1,691	1,753
Housing Units	2,470	2,578	2,688	2,827	2,975	3,121	3,268	3,415	3,562	3,709	3,856	4,004	4,151
Students/Housing Unit													
Elementary	0.17	0.16	0.16	0.14	0.13	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
Middle	0.17	0.16	0.16	0.16	0.16	0.15	0.13	0.13	0.13	0.13	0.13	0.13	0.13
High	0.19	0.17	0.18	0.17	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
Total Students/Housing Unit	0.53	0.50	0.50	0.48	0.45	0.45	0.42	0.42	0.42	0.42	0.42	0.42	0.42
Annual Increases =>													
New Housing Units								147	147	147	147	147	147
New Students from New Housing													
Elementary								20	20	20	20	20	20
Middle								20	20	20	20	20	20
High								22	22	22	22	22	22
Total								62	62	62	62	62	62

-SCHOOL IMPACT FEES-

METHODOLOGY

The school impact fee methodology is based on the current public school student generation rate, existing infrastructure standards (i.e. current facilities serving the current enrollment) and estimated local cost for construction of various school facilities. Figure 9 illustrates the methodology used to calculate the fee. The basic formula used to derive the impact fees is to multiply the student generation rate by the net capital cost of school facilities per student. To avoid potential double payment for school capacity, the methodology includes a credit for future principal payments on existing debt for school facilities.

Figure 9: School Impact Fee Methodology

INFRASTRUCTURE STANDARDS FOR ELEMENTARY SCHOOL FACILITIES

ELEMENTARY SCHOOL LOS ANALYSIS

There are currently 41,116 square feet of elementary school facilities serving the current enrollment of 448 elementary school students. This results in a current LOS of 92 square feet per elementary school student (41,116 square feet/448 students = 92 square feet per elementary school student).

Figure 10: Elementary School Facilities LOS Analysis

	<i>Square Feet</i>
Elementary School	41,116
Fall 2006 Elementary Enrollment	448
Current LOS Square Feet/ Elem. Student	92

ELEMENTARY SCHOOL COST ANALYSIS

The impact fee calculations are based on the assumption that the District will fund 100% of new school capacity with no cost sharing from the State of Montana. The Art & Architecture Studio in Missoula provided construction cost information to the District that is used throughout the impact fee study. The costs listed in Figure 11 include construction, architect and engineering fees, contingencies, permits, site preparation, and furniture, fixtures, and equipment. Note that the cost for raw land is not included because the District has sufficient land for adding capacity to its school facilities.

Figure 11: School Facilities Construction Cost Information

	<i>Construction</i>	<i>A/E Contingencies Permits, etc.</i>	<i>Site Preparation</i>	<i>Furniture, Fixtures, Equip.</i>	<i>TOTAL</i>
Science Building	\$105	\$14	\$10	\$7	\$137
Theater and Orchestra	\$95	\$16	\$10	\$7	\$128
Vocational Arts	\$90	\$16	\$10	\$7	\$123
Gym Complex	\$100	\$12	\$10	\$7	\$130
Classroom Space	\$105	\$11	\$10	\$7	\$133
Cafeteria	\$55	\$13	\$10	\$7	\$85

Source: Art & Architecture Studio, Missoula, Montana.

The cost per elementary school student is calculated by multiplying the current LOS of 92 square feet per student by \$133 per square foot for classroom space which results in a cost factor of \$12,229 per elementary school student.

Figure 12: Elementary School Facilities Cost Standard

Current LOS Square Feet/Elem. Student	92
Cost per Square Foot*	\$133
Cost per Elementary School Student	\$12,229

* Taken from Figure 11.

INFRASTRUCTURE STANDARDS FOR MIDDLE SCHOOL FACILITIES

MIDDLE SCHOOL LOS ANALYSIS

There are currently 42,361 square feet of middle school facilities serving the current enrollment of 436 middle school students (this does not include facilities shared with the high school). This results in a current LOS of 97 square feet per middle school student ($42,361 \text{ square feet} / 436 \text{ students} = 97 \text{ square feet per middle school student}$).

Figure 13: Middle School Facilities LOS Analysis

	<i>Square Feet</i>
Middle School	42,361
Fall 2006 Middle School Enrollment	436
Current LOS Square Feet/MS Student	97

MIDDLE SCHOOL COST ANALYSIS

The cost per middle school student is calculated by multiplying the current LOS of 97 square feet per student by \$133 per square foot which results in a cost factor of \$12,946 per middle school student.

Figure 14: Middle School Facilities Cost Standard

Current LOS Square Feet/MS Student	97
Cost per Square Foot*	\$133
Cost per Middle School Student	\$12,946

* Taken from Figure 11.

INFRASTRUCTURE STANDARDS FOR HIGH SCHOOL FACILITIES

HIGH SCHOOL LOS ANALYSIS

There are currently 45,963 square feet of high school facilities serving the current enrollment of 496 high school students (this does not include shared facilities with the middle school). This results in a current LOS of 93 square feet per high school student (45,963 square feet/496 students = 93 square feet per high school student).

Figure 15: High School Facilities LOS Analysis

	<i>Square Feet</i>
High School with Addition	45,963
Fall 2006 High School Enrollment	496
Current LOS Square Feet/HS Student	93

HIGH SCHOOL COST ANALYSIS

The cost per high school student is calculated by multiplying the current LOS of 93 square feet per student by \$133 per square foot which results in a cost factor of \$12,348 per high school student.

Figure 16: High School Facilities Cost Standard

Current LOS Square Feet/HS Student	93
Cost per Square Foot*	\$133
Cost per High School Student	\$12,348

* Taken from Figure 11.

INFRASTRUCTURE STANDARDS FOR SHARED HIGH SCHOOL/MIDDLE SCHOOL FACILITIES

SHARED HIGH SCHOOL/MIDDLE SCHOOL LOS ANALYSIS

There are currently 55,480 square feet of facilities shared by the high school and middle school serving the current enrollment of 932 high school and middle school students. This results in a current LOS of 60 square feet per high school and middle student (55,480 square feet/932 students = 60 square feet per high school and middle school student).

Figure 17: Shared High School/Middle School Facilities LOS Analysis

	<i>Square Feet</i>
Shared High School/Middle School Facilities	
Gym, music, industrial technology, science	40,422
Lunchroom building	11,178
Overflow building for industrial tech and lunchroom	3,880
TOTAL	55,480
Fall 2006 High School/Middle School Enrollment	932
Current LOS Square Feet/HS and MS Student	60

SHARED HIGH SCHOOL/MIDDLE SCHOOL COST ANALYSIS

The cost per high school and middle school student is calculated by multiplying the current LOS of 60 square feet per student by \$117 per square foot which results in a cost factor of \$6,983 per high school and middle school student.

Figure 18: Shared High School/Middle School Facilities Cost Standard

	<i>Square Feet</i>	<i>Cost/ SF*</i>	<i>Total</i>
Gym, music, industrial technology, science	40,422	\$129	\$5,225,993
Lunchroom building	11,178	\$85	\$949,616
Overflow building for industrial tech and lunchroom	3,880	\$86	\$332,581
TOTAL	55,480		\$6,508,191

Average Cost per Square Foot => \$117

Current LOS Square Feet/HS and MS Student 60

Cost per High School and Middle School Student \$6,983

* Taken from Figure 11.

INFRASTRUCTURE STANDARDS FOR ADMINISTRATIVE FACILITIES**ADMINISTRATIVE FACILITIES LOS ANALYSIS**

There are currently 2,200 square feet of administrative facilities serving the District's total enrollment of 1,380 students. This results in a current LOS of 0.87 square feet per student (2,200 square feet/1,380 students = 0.87 square feet per student).

Figure 19: Administrative Facilities LOS Analysis

	<i>Square Feet</i>
District Office	1,000
Handley House	1,200
TOTAL	2,200
 Fall 2006 Total Enrollment	 1,380
 Current LOS Square Feet/Student	 0.87

ADMINISTRATIVE FACILITIES COST ANALYSIS

The Art & Architecture Studio in Missoula estimate the cost to renovate and expand Handley House to be \$136 per square foot. The cost per student is calculated by multiplying the current LOS of 0.87 square feet per student by \$136 per square foot which results in a cost factor of \$118 per student.

Figure 20: Administrative Facilities Cost Standard

Current LOS Square Feet/Student	0.87
Cost per Square Foot*	\$136
Cost per Student	\$118

* Art & Architecture Studio, Missoula, Montana.

PRINCIPAL PAYMENT CREDITS

A requirement of impact fees is the evaluation of credits. A principal payment credit may be necessary to avoid potential double payment situations arising from one-time impact fees plus the payment of other revenues that may also fund growth-related capital improvements. Given the incremental expansion methodology used in the impact fee calculations, whereby new development provides front-end funding of school capacity, there is a potential for double payment of capital costs due to the future principal payments on existing debt for schools. A credit for interest payments is not necessary since interest costs are not included in the cost analyses. As shown in Figure 21, two principal payment credits are calculated on the remaining debt payments for refinancing bonds for elementary and high school projects. To account for the time value of money, annual payments per student are discounted at the bond interest rate of 3% per year using a present value formula.

This results in a principal payment credit of \$1,817 per elementary school student and \$1,641 per high school student.

Figure 21: Principal Payment Credits

ELEMENTARY SCHOOL REFUNDING

<i>Fiscal Year</i>	<i>Principal Payment</i>	<i>Projected Elementary Enrollment</i>	<i>Credit per Elem. Student</i>
2007	\$157,500	448	\$352
2008	\$160,000	468	\$342
2009	\$162,500	488	\$333
2010	\$167,500	509	\$329
2011	\$175,000	529	\$331
2012	\$177,500	549	\$323
TOTAL	\$1,000,000		

Discount Rate 3.00%

Net Present Value per Elem. Student \$1,817

HIGH SCHOOL REFUNDING

<i>Fiscal Year</i>	<i>Principal Payment</i>	<i>Projected High School Enrollment</i>	<i>Credit per HS Student</i>
2007	\$157,500	496	\$318
2008	\$160,000	518	\$309
2009	\$162,500	541	\$301
2010	\$167,500	563	\$298
2011	\$175,000	585	\$299
2012	\$177,500	608	\$292
TOTAL	\$1,000,000		

Discount Rate 3.00%

Net Present Value per HS Student \$1,641

SCHOOL IMPACT FEES

Figure 22 shows the maximum supportable school impact fee. The fee is calculated by multiplying the student generation rate by the net capital cost per student for each type of facility and then added together to derive the total impact fee. For example, the elementary portion of the fee is calculated by multiplying the student generation rate of 0.14 by the net capital cost per elementary student of \$10,412, which results in \$1,427 per housing unit. This

calculation is repeated for the other types of school facilities and administrative facilities. All portions of the fee are added together to calculate the total fee per housing unit.

As shown at the bottom of the Figure 22 below, the maximum supportable school impact fee per housing unit is \$6,822.

Figure 22: School Impact Fees**ELEMENTARY SCHOOL FACILITIES**

Current LOS (Square Feet/Student)	92
Cost per Square Foot	\$133
Cost per Student	\$12,229
Minus Debt Service Credit per Student	(\$1,817)
Net Cost per Student	\$10,412
Elementary Students per Housing Unit	0.14
Cost per Housing Unit	\$1,427

MIDDLE SCHOOL FACILITIES

Current LOS (Square Feet/Student)	97
Cost per Square Foot	\$133
Cost per Student	\$12,946
Middle School Students per Housing Unit	0.13
Cost per Housing Unit	\$1,727

HIGH SCHOOL FACILITIES

Current LOS (Square Feet/Student)	93
Cost per Square Foot	\$133
Cost per Student	\$12,348
Less Debt Service Credit per Student	(\$1,641)
Net Cost per Student	\$10,707
High School Students per Housing Unit	0.15
Cost per Housing Unit	\$1,625

SHARED MIDDLE SCHOOL/HIGH SCHOOL FACILITIES

Current LOS (Square Feet/Student)	60
Cost per Square Foot	\$117
Cost per Student	\$6,983
MS/HS Students per Housing Unit	0.29
Cost per Housing Unit	\$1,992

ADMINISTRATIVE FACILITIES

Current LOS (Square Feet/Student)	0.87
Cost per Square Foot	\$136
Cost per Student	\$118
Total Students per Housing Unit	0.42
Cost per Housing Unit	\$50

TOTAL IMPACT FEE PER HOUSING UNIT	\$6,822
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-GROWTH RELATED CAPITAL IMPROVEMENTS PLAN AND CASH FLOW ANALYSIS-

The cash flow analysis shown in Figure 23 is based on the maximum, supportable impact fees, costs per student, methodologies in the impact fee report, and development and student projections. SY2008 is the first projection year.

This cash flow analysis is based on several assumptions:

- 100% of all future residential development will pay 100% of the maximum, supportable impact fees.
- Future development will occur at the pace and magnitude outlined in the demographic data section of the impact fee report.

To the extent these assumptions change, the cash flow analysis will change correspondingly. Also, the cash flow analysis is based on the maximum, supportable fees and LOS over a six-year time frame. TischlerBise recommends that growing communities review and recalibrate their fees every three years. Thus, it is likely the fee amounts, LOS, and methodologies will change over the course of the six year cash flow analysis.

At the maximum supportable level, impact fees for schools are projected to yield \$6.0 million over the next six years; approximately \$1.0 million per year. As shown at the bottom of Figure 23, the cost of growth-related infrastructure exceeds projected revenues by an average of \$73,000 a year as a result of the principal payment credit for existing debt payments.

Figure 23: School Impact Fee Cash Flow Analysis**IMPACT FEE CASH FLOW**

	Yr. 1 SY07-08	Yr. 2 SY08-09	Yr. 3 SY09-10	Yr. 4 SY10-11	Yr. 5 SY11-12	Yr. 6 SY12-13	TOTAL
Projected New Housing Units	147	147	147	147	147	147	883
Impact Fee per Housing Unit	\$6,822	\$6,822	\$6,822	\$6,822	\$6,822	\$6,822	
TOTAL REVENUES	\$1,003,914	\$1,003,914	\$1,003,914	\$1,003,914	\$1,003,914	\$1,003,914	\$6,023,485
CAPITAL EXPENDITURES							
	Yr. 1 SY07-08	Yr. 2 SY08-09	Yr. 3 SY09-10	Yr. 4 SY10-11	Yr. 5 SY11-12	Yr. 6 SY12-13	TOTAL
New Elementary School Students	20	20	20	20	20	20	121
Current LOS Square Feet per Elem. Student	92	92	92	92	92	92	
SUBTOTAL SQUARE FEET ELEMENTARY SPACE	1,852	1,852	1,852	1,852	1,852	1,852	11,110
Cost per Square Foot Elementary Space	\$133	\$133	\$133	\$133	\$133	\$133	
SUBTOTAL ELEMENTARY SCHOOL EXPENDITURES	\$246,740	\$246,740	\$246,740	\$246,740	\$246,740	\$246,740	\$1,480,440
New Middle School Students	20	20	20	20	20	20	118
Current LOS Square Feet per Middle Student	97	97	97	97	97	97	
SUBTOTAL SQUARE FEET MIDDLE SCHOOL SPACE	1,908	1,908	1,908	1,908	1,908	1,908	11,447
Cost per Square Foot Middle School Space	\$133	\$133	\$133	\$133	\$133	\$133	
SUBTOTAL MIDDLE SCHOOL EXPENDITURES	\$254,211	\$254,211	\$254,211	\$254,211	\$254,211	\$254,211	\$1,525,268
New High School Students	22	22	22	22	22	22	134
Current LOS Square Feet per High Student	93	93	93	93	93	93	
SUBTOTAL SQUARE FEET HIGH SCHOOL SPACE	2,070	2,070	2,070	2,070	2,070	2,070	12,420
Cost per Square Foot High School Space	\$133	\$133	\$133	\$133	\$133	\$133	
SUBTOTAL HIGH SCHOOL EXPENDITURES	\$275,827	\$275,827	\$275,827	\$275,827	\$275,827	\$275,827	\$1,654,964
New Middle and High School Students	42	42	42	42	42	42	252
Current LOS Square Feet per Shared Middle/High Student	60	60	60	60	60	60	
SUBTOTAL SQUARE FEET SHARED MIDDLE/HIGH SCHOOL	2,499	2,499	2,499	2,499	2,499	2,499	14,992
Cost per Square Foot Shared Middle/High School Space	\$117	\$117	\$117	\$117	\$117	\$117	
SUBTOTAL SHARED MIDDLE/HIGH SCHOOL EXPENDITURE	\$293,105	\$293,105	\$293,105	\$293,105	\$293,105	\$293,105	\$1,758,631
New Students	62	62	62	62	62	62	373
Current Admin LOS Square Feet per Student	0.87	0.87	0.87	0.87	0.87	0.87	
SUBTOTAL SQUARE FEET ADMIN SPACE	54	54	54	54	54	54	324
Cost per Square Foot AdminSpace	\$136	\$136	\$136	\$136	\$136	\$136	
SUBTOTAL SHARED MIDDLE/HIGH SCHOOL EXPENDITURE	\$7,350	\$7,350	\$7,350	\$7,350	\$7,350	\$7,350	\$44,100
TOTAL CAPITAL EXPENDITURES	\$1,077,234	\$1,077,234	\$1,077,234	\$1,077,234	\$1,077,234	\$1,077,234	\$6,463,402
Net Annual Surplus/(Deficit)	(\$73,320)	(\$73,320)	(\$73,320)	(\$73,320)	(\$73,320)	(\$73,320)	(\$439,917)

Based on the LOS and demographic data, the capital costs shown above can be translated into units of infrastructure the District will need to add to accommodate new residential development.

Figure 24: Capital Improvements Program for New Development

	Yr. 1 SY07-08	Yr. 2 SY08-09	Yr. 3 SY09-10	Yr. 4 SY10-11	Yr. 5 SY11-12	Yr. 6 SY12-13	TOTAL
CAPITAL IMPROVEMENTS SUMMARY							
Elementary School Facilities (square feet)	1,852	1,852	1,852	1,852	1,852	1,852	11,110
Middle School Facilities (square feet)	1,908	1,908	1,908	1,908	1,908	1,908	11,447
High School Facilities (square feet)	2,070	2,070	2,070	2,070	2,070	2,070	12,420
Shared Middle/High School Facilities (square feet)	2,499	2,499	2,499	2,499	2,499	2,499	14,992
Administrative Space (square feet)	54	54	54	54	54	54	324

As part of its normal capital improvements planning process, the District will decide the specific details regarding additional school capacity in the future.

-IMPLEMENTATION AND ADMINISTRATION-

The Montana Impact Fees Act authorizes governmental entities to impose impact fees on behalf of local districts, such as the Corvallis School District #1. The fees require unanimous approval of the Ravalli County Commissioners. To minimize the need for intergovernmental coordination and administrative costs, TischlerBise recommends the County require direct payment of the school impact fees to the District prior to issuing a wastewater service connection or septic tank permit.

The District must comply with the accounting requirements in the Montana Impact Fee Act. Impact fees are to be placed in a separate fund and only used for purposes authorized by the Montana Code (i.e. growth-related capital improvements plus administrative costs related to the school impact fees, not to exceed 5% of the total impact fee collected).

All costs in the impact fee calculation are given in current dollars with no assumed inflation rate over time. Necessary cost adjustments can be made as part of the required periodic evaluation and update of fees. One approach is to adjust for inflation in construction costs by means of an index like the one published by McGraw-Hill in the periodical Engineering News Record (also known as ENR). This index could be applied annually to adjust the adopted fee schedule. If cost estimates change significantly, the District should redo the fee calculations. At a minimum, the growth-related capital improvements plan must be updated every two years.

If a specific development proposal is expected to have significantly different demand generators than those used in this study, the District may allow or require a developer to submit an independent impact fee analysis (at the developer's cost) with adequate documentation or alternative factors. Administrative procedures for the independent analysis should be included in the ordinance that implements the impact fees.

-SINGLE SERVICE AREA-

A single district-wide service area is appropriate for collection and expenditure of school impact fees in the Corvallis School District #1 because there is one school serving each of grade levels.